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December 19, 2017

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
 Chief Clerk & Administrator
 Public Service Commission of South Carolina
 101 Executive Center Drive, Suite 100
 Columbia, South Carolina 29210

RE: Daufuskie Island Utility Company, Inc. Rate Application
 PSC Docket No. 2014-346-WS
 Response to Correspondence from Mr. Bateman dated December 18, 2017

Dear Ms. Boyd:

I write in response to Mr. Bateman's letter dated December 18, 2017, wherein he states:

By this letter, the South Carolina Office of Regulatory Staff hereby notifies the Public Service Commission of South Carolina that many of the rates outlined in the "Schedule to DIUC Proposed Order," filed as an attachment to Daufuskie Island Utility Company, Incorporated's ("DIUC") proposed Order on December 15, 2017, exceed those that DIUC noticed to the public and included in its Application.

Letter, Bateman to Hon. Boyd, December 18, 2017.

The Applicant disputes this statement.

On June 9, 2015, Daufuskie Island Utility Company, Inc. ("DIUC") applied for approval of a new schedule of rates and charges for water and sewer service ("the Application"). In the Application, DIUC requested an increase in revenues for combined operations consisting of a water revenue increase of \$590,454 and a sewer revenue increase of \$591,847. As detailed in the Application, the increase is a 108.9% revenue increase from the DIUC revenue allowed by the rates then in place.

The Commission's Clerk's Office instructed DIUC to publish a prepared Notice of Filing, one time, in newspapers of general circulation in the area affected by DIUC's Application. The Notice of Filing described the nature of the Application and advised all interested persons desiring to participate in the scheduled proceedings of the manner and time in which to file appropriate pleadings for inclusion in the proceedings as

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a party of record. The Commission also instructed DIUC to notify each affected customer by mailing or, where the customer had previously agreed to electronic notice, by e-mailing each customer a copy of the Notice of Filing. DIUC filed Affidavits of Publication and Mailing demonstrating that the Notice of Filing was duly published and provided to all customers.

The Notice of Filing directs customers that “the company’s complete application, as well as the proposed rates, charges and tariffs can be found on the Commission’s website at www.psc.sc.gov under Docket No. 2014-346-WS. Additionally, a copy of the application is available from the office of G. Trenholm Walker, Esquire, Pratt-Thomas Walker, 16 Charlotte Street, Charleston, South Carolina 29403.” The Applicant notes that the publication required by S.C. Code Ann. § 58-5-260 is only “general notice” and does not require or provide limitation as to estimated individual charges estimated based upon the initial calculations; the revenue increase is the operative limitation.

After the Application was filed, the parties exchanged discovery then ORS proposed a number of adjustments to the various components included in the Application. DIUC accepted 19 of these adjustments. The Intervenor was provided actual notice of the adjustments and participated in the proceedings regarding the same.

One of the accepted adjustments was to the number of billing units, as discussed in the testimony of Willie J. Morgan. *See* Hearing Transcript at 508 (citing Exhibit WJM-2). Mr. Morgan proposed an adjustment to the number of billing units and DIUC accepted that adjustment. To address that reduction in number of units, the Schedule submitted with Applicant’s Proposed Order is slightly different as to the charges for each billing unit but the total revenue increase does not exceed the 108.9% increase detailed in the Application as referenced in the published Notice of Filing. Or, stated a bit differently, in order to generate the 108.9% total revenue increase noticed and published, the specific charges for particular services listed in the Schedule are slightly higher because ORS reduced (and DIUC accepted) a lower number of billing units. The total rate increase, however, does not exceed 108.9% revenue increase discussed in the Application as referenced in the published Notice of Filing.

If the Commission would like the Applicant to provide any additional information to the Commission to address Mr. Bateman’s letter, please let me know and we will promptly respond.

Sincerely,

/s/

Thomas P. Gressette, Jr.

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